

THE FREEDOMS OF MOVEMENT OF THE SINGLE MARKET

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The European Single Market implies not only the free movement of goods and services, but also the free movement of production factors (the capital and the labor force). The liberalization of goods and services and of production factors movement has determined, on the short term, the appearance of some structural and specialization adjustment processes within the member countries, and on the long term a more efficient allocation of the production factors, an improvement of labor productivity and positive effects in the field of labor force employment.

According to the neoclassical theory, the labor force migrates from regions with low wages and low profit rates, to regions having high wages and high profit rate. Thus, the production factors are used in a more productive way. According to this theory, the factors mobility contributes to the equalization of the wages and to a better factors allocation. Issues such as structural funds, persons' freedom of movement, convergence could be turned into advantages by any member state, and especially by a new member state. From an economic perspective, the causes of labor force mobility, as a production factor, are: the price differences (wage differences, profit rates differences, interest rates differences) – according to neoclassical theory; income difference, meaning saving excess or insufficiency for the capital, according to Keynes approach; differences in the level of economic development, determining unequal changes, according to the monetarists. Romania has become a European Union member at January, the 1st, 2007. The accession road has been a long one, full of challenges, issues, but also satisfactions. The 1st of January has not been the end of a process, but the beginning of a new period for Romania's present history. The author will try to emphasize the freedoms of movement of the Single Market. The humanitarian reasons also determine the migration of the population; these are the refugees, the asylum solicitors, the persons having temporary protection or persons accepted for other humanitarian reasons.

Key words: Economic Integration, Models of Trade with Imperfect Competition, Labor Market Interactions, freedom, movement.

Jel: F12, F15, F16

1. Introduction

From an economic perspective, the causes of labor force mobility, as a production factor, are: the price differences (wage differences, profit rates differences, interest rates differences) – according to neoclassical theory; income difference, meaning saving excess or insufficiency for the capital, according to Keynes approach; differences in the level of economic development, determining unequal changes, according to the monetarists. According to the neoclassical theory, the labor force migrates from regions with low wages and low profit rates, to regions having high wages and high profit rate. Thus, the production factors are used in a more productive way. According to this theory, the factors mobility contributes to the equalization of the wages and to a better factors allocation.

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goods and services and of production factors movement has determined, on the short term, the appearance of some structural and specialization adjustment processes within the member countries, and on the long term a more efficient allocation of the production factors, an improvement of labor productivity and positive effects in the field of labor force employment (Wallace H., Wallace W. and Pollack M. 2005:201).

Through labor force freedom of movement, a more efficient allocation of this production factor is pursued. Among young people, we can talk about migration in the purpose of education and professional preparation: students or persons in professional preparation. Their migration should be temporary.

Among the migrants, we can also find those working in another country, being immigrant workers or international civilian servants. Other reasons for migration are the reunification and the formation of families, and also the freedom of establishment, in order to work, based on family connections, ethnic origin, entrepreneurs and investors, or pensioners. The humanitarian reasons also determine the migration of the population; these are the refugees, the asylum solicitors, the persons having temporary protection or persons accepted for other humanitarian reasons.

2. The labor force freedom of movement for the members

The Schengen Area: in order to stimulate the persons' freedom of movement, in June 1985 France, Germany and the Benelux countries signed the Schengen agreement. Italy joined in 1990, Spain and Portugal in 1991, Greece in 1992, followed by Austria, Finland and Denmark. The United Kingdom, Ireland and Sweden didn't sign this agreement. According to the Schengen agreement, the control to the internal frontiers of the EU are rarefied and then eliminated, while the controls to the external frontiers are intensified. There is a common policy concerning the visas granting, and the member states cooperate in the judicial and custom field. The labor force freedom of movement implies the following four essential rights: to present itself to a contest in another member state, to be free to move on the territory of another member state in this purpose, to be able to remain on the territory of another member state in case of employment, to be able to definitively live on the territory of another member state. As for liberal professions, they are free to settle down on the territory of any member state.

On December the 21st, 2007, the Schengen agreement was extended on the Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovakia and Slovenia. Romania and Bulgaria still have a lot to do to answer the security criteria of the European Union. Most probably, the two countries will join the Schengen space in 2011. Let's see now some of the consequences of labor force freedom of movement upon the Romanian labor market (Wallace H., Wallace W. and Pollack M. 2005:96).

The changes in December 1989 have brought more simple formalities, in order to obtain a visa for a West European country. Also, at the beginning of the 90, Romania has registered a strong emigration of German ethnics. Thus, from 1990 until 2002, the emigration, as well as the negative natural rise, contributed to the diminishing of Romania's population by 1 million persons, from 23 million inhabitants to 22 million inhabitants. Unfortunately, this movement has continued. The elimination of visas from January the 1st 2002, in the middle of Romania's negotiations for the EU accession, has determined an increase of the number of emigrants, phenomenon which has amplified after January the 1st 2007, when Romania has joined the EU. At this moment, it is estimated that in Romania live less than 20 million people (probably, about 18 million), while more than 2 million people work abroad (about 1 million Romanians are in Italy, 1 million in Spain, and other in Germany, France or the UK). We must start by saying that the Romanians' emigration, in order to find a better life, did not start in 2007, once the Romania has joined the European Union, nor in 2002, when the Romanians did no longer needed

visas for the Schengen states. Even before 1989, there was an emigration movement, both legal and illegal, but having a reduce amplitude.

Attracted by big salaries and a better life, many Romanians, young for their majority, have chosen to leave their country and work abroad. They sent important amounts of money to their relatives in Romania, allowing them a decent living. The Romanians work especially in constructions and agriculture (men), or as housekeepers and in agriculture (women). It is estimated that in agriculture, many of them work illegally. In 2005, the money sent back home by the Romanians living and working abroad has been of 4.14 billion Euros (5.6% of Romania's GDP). The Romania's spectacular economic growth of the last years has been supported, partially, by this important amount of money, sent home by the Romanians working abroad.

The consequences of emigration, for the destination countries, have been rather positive: the EU GDP has raised by 0.17% on the short term and by 0.28% on the long term; the inflationist pressures have diminished in the destination countries; the wages have dropped by only 0.08% due to immigration, while the unemployment has raised by only 0.04% (Sirghi și Vădăsan, 2010:19-25). In the departure countries, the consequences are more controversial on the one hand, the unemployment rate has diminished (only 4.1% in 2008), the pressure on the state budget has diminished as well; the emigration has allowed Romania, for instance, to avoid an economic and social crisis, of a huge amplitude, which could have endangered our integration calendar; the money sent back home have encouraged the consumption, as well as the real-estate sector, both contributing decisively to Romania's economic growth. But on the other hand, Romania is confronted to a lake of qualified labor force: 100 000 work places have not been occupied in 2008, and it is estimated that until 2013, this labor force deficit will reach 300 000 persons.

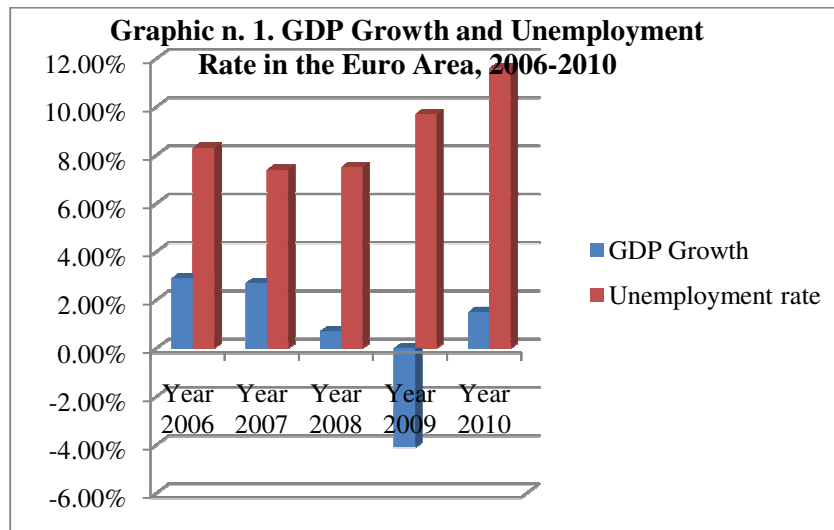
In the present, Romania is the country where investors are encountering the biggest difficulties in finding the needed personnel, with the needed qualifications. As a consequence, many investors have brought foreign labor force: only in 2008, 65 000 work licenses have been granted. Many of those workers come from China, Bangladesh, Republic of Moldavia or Ukraine.

After the integration in the European Union, 16 countries have forbidden Romanians' accession to their labor markets. Since January the 1st, 2009, 5 countries have eliminated these restrictions. By 2013, all EU countries will have to eliminate these restrictions. In this moment, Romanians are free to work in the following countries: Estonia, Finland, Poland, Slovakia, Czech Republic, Cyprus, Sweden, Slovenia, Latvia, Lithuania, Bulgaria, Spain, Denmark, Greece, Hungary and Portugal, while in the following countries there are still restrictions: Belgium (until 2011), Ireland (until 2012), Netherland (until July the 1st 2009), the United Kingdom (until 2011), Germany, France, Austria, Italy, Luxembourg, Malta (until 2013). The member states of European Economic Area (Liechtenstein, Island and Norway) have also maintained the restrictions until 2013.

An important step was the Referendum held in Switzerland, on February the 8th 2009. According to the result, and in spite of a very negative campaign, more than 60% of the voters were in favor of prolongation and extension of the Agreements with the EU, regarding the freedom of movement (including the free movement of Romanian and Bulgarian labor force). Following this positive result, in 7, maximum 10 years, Switzerland will eliminate any restriction.

The present crisis resembles to its predecessor, among other things, by the state interventionism, through money infusions, and through nationalisations.

Concerning the present crisis, the EU, are strongly affected. As one can see in graphic number 1, in the year 2009, the economic growth for both the Euro area negative (-4.1%), while the unemployment rate is sharply growing, to 9.7% .



Source: www.anofm.ro, www.insse.ro, ec.europa.eu/eurostat/

The forecast for 2010 is slightly optimistic concerning the GDP growth rate (+1.5%), but the unemployment rate will continue to grow, to more than 10% for both Euro area. The situation is worsening, and nobody can tell for sure when exactly the crisis will reach its end.

Which are the effects of Romanians' dismissing abroad? On the one hand, the labor force shortage will be reduced; the return of qualified labor force is a gain, but only on the long term. On the other hand, under the conditions of the resent crisis, and taking into consideration unemployment rise in Romania, their return will most probably represent, on the short term, a serious social issue, contributing to an even more higher unemployment rate. Also, the money delivery will decrease, by even 50%, making more difficult the life of those remained in Romania.

The global crisis has affected the EU, as well as Romania. On the Romanian labor market, since December 2008, one has registered an increasing unemployment rate: 4.4% at the end of 2008, 4.9% in January 2009 and 5.3% in February 2009. By the end of 2009, in an optimistic anticipation, the unemployment rate will reach 5.5% (Sirghi și Vădăsan, 2010:18-19). But this is not the only problem Romania's labor market has to face this year. In 2008, some 100 000 Romanians working abroad have lost their jobs, and some more 30 000 Romanians will lose their jobs this year. However, only 14% of them have the intention to come back to Romania in 2009. 33% will remain for 2 to 5 more years abroad, 15% will come back only after 5 years, while 29% have no intention of coming back.

3. Conclusions

As we all know, the first right of the European citizen is to be able to travel, work and live anywhere on the territory of the European Union. The Maastricht Treaty has legitimated this right in the chapter referring to citizenship. The freedom of movement and the equality of treatment, by forbidding any restrictions regarding the labor force for the European citizens have created fear among the "old" members of the EU, concerning massive migratory labor force flows, from the East to the West, in search for better salaries and better working conditions. As a consequence, fearing a massive labor force migration, from East to West, separated agreements have been negotiated, regarding the labor force movement after each candidate country will access the EU, a certain period of transition having been asked in order to liberalize the labor force circulation.

We consider that, in order to achieve the Lisbon objectives, it is imperiously necessary to insure the European workers mobility: the geographic mobility, as well as the professional mobility (the flexicurity). The last barriers elimination out of the way of the labor force freedom of movement has a particular significance. A transnational and European social dialog is necessary. In this context, right insurance during the stage of professional transition and, consequently, the social rights portability are extremely important. This is why, the increase of workers mobility is requested, by improving the way the supplementary pension rights are being gained and kept, and the regulation appliance regarding the social security systems is finalized.

A fundamental priority for the European Union is the development of a European policy concerning migration, which should complete the member states respective policies. In this purpose, the EU aims the accomplishment of a European pact regarding migration and asylum. Such a pact would emphasize a consolidated common policy regarding migration related issues, based, among others, on a more sustained dialogue with the origin countries. The European Union considers as objective the legal migration rise, including the labor force migration, as well as the application of a co-development policy, reflected by specific projects and supported at the European level. In this sense, it is necessary to continue the progress regarding the migration global approach. The cooperation and political dialogue with all the origin and transit countries must be consolidated, and partnerships concerning the mobility, the circular migration and cooperation platforms for migration and development must be promoted. As a general conclusion, we can say that EU membership could be an opportunity, but it depends on each member state to take advantage of it. One must also continue the actions related to the policies plan concerning the legal migration. In this sense, the migrants' rights issues must be rapidly solved, as well as the conditions regarding the highly qualified workers' entrance and stay, the persons detached within the same enterprise, the remunerated persons on probation, the temporary workers. The transition periods, applied to the workers from the new member states, should be eliminated.

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